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THE FAR EASTERN MARKET AND U.S. FARMERS

ITALY STRENGTHENS ITS FARM POLICIES

DOMINICANS PUSH LIVESTOCK INDUSTRY

FOREIGN AGRICULTURE

Including FOREIGN CROPS AND MARKETS

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Including FOREIGN CROPS AND MARKETS

MAY 13, 1963

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Bread and other wheat products are prominently displayed in this Tokyo shop where owner smiles happily at her young customer. See story, p. 3.

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What the FAR EASTERN MARKET Means to U.S. Farmers

Last month Raymond A. Ioanes, Administrator, Foreign Agricultural Service, in a statement before the Senate Commerce Committee, described U.S. agricultural trade in the Pacific area, indicating its future potential. The first part of his statement is presented here, to be followed next week with the concluding part, "Promoting Our Farm Products in the Far East."

Our agricultural trade with the Pacific area is commanding considerable time and effort in the Department of Agriculture. This is important trade. We welcome the opportunity to help focus attention on it.

The Pacific area is vast, it is varied, and it contains about half the world's people. A lot of our agricultural products move to these people, and we buy a lot of agricultural products in return. A visit to any one of our West Coast ports shows the wide diversity of products that are traded—wheat, feed grains, rice, fruits, cotton, and so on moving out, and silk, sugar, meats, rubber, copra, wool, hemp, tea, spices, and many other agricultural commodities coming in.

Our agricultural trade with the Pacific area is two-way trade, but I would like to concentrate particularly on the export side because the office I represent—the Foreign Agricultural Service—has the basic responsibility of helping U.S. agriculture to develop foreign markets for its products.

What kind of a market, then, is the Pacific area for American farm products? How successful are we in developing this market? What is its future?

To indicate the problems and opportunities of selling in the Pacific area, we need to begin by recognizing that this is not one but two export markets. One of these markets is a hard currency market, with Japan the leading example. The other is a soft currency market, with India a representative example. In these two completely different markets, our problems and approaches also are different.

Currently we are shipping about the same amount of farm products to the Pacific area that we do to the six European Common Market countries—about $1.2 billion a year in each case. But there is this important difference. Our agricultural exports to the Common Market are all paid for in dollars, whereas our agricultural exports to the Pacific area are divided almost equally between sales for dollars and shipments under Public Law 480, the Food for Peace program.

The key to this situation is, of course, income. In a Common Market country such as West Germany, the average per capita income is around $1,000. In India, the per capita income is under $100.

Where incomes are meager and the main problem is getting enough to eat, a nation cannot be a good customer in the commercial sense. This is the basic marketing problem that confronts us in most of the Pacific area.

Japan as a market

It is also true, however, that a country does not need to be wealthy by our standards to be an active dollar market. Japan is the outstanding example. The per capita income in Japan is around $400, which is low when placed alongside our own $2,360. Nevertheless, the tremendous growth in income which this $400 represents shows up as active demand for the kinds of products the Japanese people want—many of which we can and do supply.

It is this key circumstance that causes us to be so concerned with the economic status of the Pacific area. Here, in country after country, we find people who would like nothing more than to have jobs, to earn more money, to buy more and better food and clothing. These are people who look on the Japanese, with their per capita earnings of $400, as a prosperous nation. Whatever we can do through our U.S. programs to help the Pacific area ac-

Market scene, Hong Kong. This British Crown Colony is the fourth largest market for U.S. frozen poultry, with purchases in 1962 totaling around 14 million pounds.

celerate its economic growth is not only a reflection of our nation's foreign policy but also is an instrument of long-range market development for the products we export.

For 2 years now, Japan has been the leading world customer for our farm products, ahead of such other large dollar buyers as the United Kingdom, Canada, The Netherlands, and West Germany. In the 1961-62 fiscal year, total exports of the United States to Japan came to somewhat more than $1.5 billion, and $485 million, or close to a third of this was agricultural.

Yet, only a few years ago Japan looked to us for agricultural supplies under our assistance programs. Right after the war, Japan began to receive substantial amounts of our farm products under military assistance. After Public Law 480 was passed in 1954, Japan bought large amounts under Title I, with payment in yen, which at that time were not convertible. In the 1955 and 1956 fiscal years, Japan used the Public Law 480 program as a means of financing nearly $150 million worth of its requirements of wheat, flour, rice, cotton, feed grains, and tobacco.

Japan's recovery and growth since that earlier period has been one of the economic miracles of our time. Several years ago Japan was able to switch over from importing farm products under our special export programs to importing entirely on a commercial dollar basis. As further evidence of progress, Japan's foreign exchange position has improved so markedly that it has been able to discontinue some import controls based on earlier balance of payments problems. As a current indication of prosperity, recently Japan was able to issue a new authorization for imports of up to $300,000 worth of citrus fruit.

Today Japan stands out as a leading cash market for a number of our farm products. It is our biggest market for soybeans. It is one of our big markets for cotton. It is rapidly becoming a major market for our feed grains, with imports last year coming close to 1.2 million metric tons. It is also a substantial market for wheat, tobacco, and livestock products, especially tallow, hides, and skins.

Sales obstacles

Low income is part of the general problem but it is not the entire problem in selling farm products in the Far East. Another obstacle is the effort in most countries toward greater self-sufficiency. The Philippines is an example.

The Philippines is making rapid strides in its economic development. We might hope this growth would open or expand markets for our products but this expectation is countered in some lines by the protection given to local production.

For example, as late as 1958 the Philippines was a large importer of our canned milk. That year it bought $15.5 million worth of U.S. canned milk. By 1960 and 1961, however, its imports of our canned milk had dropped to about $11.5 million, due to substitution of its own manufactured "filled milk." This canned product is a combination of imported nonfat dry milk, much of it from the United States, and locally produced vegetable oil.

A further chapter in this story is competition from other suppliers. Last year our exports of canned milk to the Philippines received an even greater cut to about $4 million, but this was due to our product being unable to compete fully in price with canned milk from Europe.

Throughout the Pacific area, there is active competition for the commercial markets that exist. As we might expect, this competition shows up in Japan more than in other countries because of the greater sales potential. Canada, Australia, and New Zealand are particularly active competitors. Canada is stressing wheat sales. Australia is pushing wheat, dried fruits, and dairy products. New Zealand is emphasizing wool, meat, and dairy products.

Meeting wheat competition

Canada's competition for Japan's wheat market is particularly significant. Japan is consciously encouraging its people to use more wheat foods, as part of a nationwide program to improve nutrition and diversify diets. Prewar consumption of wheat was about 30 pounds per person; now it is around 90 pounds. Western Wheat Associates, representing Oregon, Washington, and Idaho, have been very active in working with the Japanese Government in building wheat's popularity.

A few years ago the United States was supplying nearly 60 percent of Japan's wheat imports. Much of this wheat went into noodles. By 1959, however, our share had dropped to 40 percent, mainly due to Japan buying more Canadian spring wheat for use in bread flour. To regain this market, we have taken two kinds of corrective action:

(1) Freight rates from hard wheat-producing areas to West Coast points have been reduced to make our wheat competitive with Canadian;

(2) An education campaign is being carried out among Japanese millers to show that our wheat competes in baking quality with Canadian.

As a result of these efforts, exports of U.S. hard winter wheat to Japan will increase some 15 million bushels during 1963, and exports of all classes of wheat will increase about 50 percent over 1962. U.S. soft white wheat from the Pacific Northwest continues to enjoy an excellent reputation in Japan and accounts for about two-thirds of Japanese purchases of U.S. wheat.

Hong Kong buys poultry

Where there is money to buy and where we can supply a competitively priced product and promote its sale, we find a ready market in the Pacific area. Our poultry exports to Hong Kong are one more example.

Hong Kong has become the fourth largest foreign market for U.S. frozen poultry. In 1962, approximately 14 million pounds of our poultry were sold in Hong Kong, equal to about 4½ pounds per capita. Historically, Hong Kong bought live poultry from mainland China. But the communist agricultural policies in Red China apparently have so retarded the poultry industry that the supplies have not been showing up in Hong Kong. We have been able to move in and fill the void. No one can say whether Red China will be able to export live poultry again to Hong Kong. Until that uncertain time, we have a sound commercial market with little competition.

Italy Strengthens Its Farm Policies

Despite a slowdown in agricultural output and a sharp drop in farm labor, Italy is pinning its hopes on larger farm exports to the EEC.

By SHELDON K. TSU
Regional Analysis Division
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Italy's remarkable rate of economic development leveled off a bit in 1962, but even so it remained strong enough to outdistance that of most industrially developed countries. At constant prices, the Italian gross national product (GNP) increased about 5.6 percent last year, and according to forecasts, there is likely to be another 5-percent rise in 1963.

The administration of Premier Amintore Fanfani called the 1962 record an excellent one. In campaigning for reelection last month, government spokesmen blamed the relatively slower pace of economic growth upon poor crops and a reduced rate of industrial expansion among Italy's trading partners in Western Europe.

Another cloud appeared upon the economic horizon. In 1962, for the first time in several years, there was a perceptible disturbance in the general overall price situation in Italy. Wholesale prices rose 6 percent from December 1961 to December 1962, as compared with only 0.9 percent in the previous 12 months. Retail prices of consumer goods increased 6.5 percent, to compare with 2.8 percent in 1961.

Farm policy altered

The government took steps to combat the rising cost of living. Last August, it slashed by 10 percent the customs tariffs on all imported commodities except those under regulations of the EEC. It invited more imports by increasing quotas for meat, butter, and pork. The government also adopted fiscal and tariff measures to ease restrictions on importation of certain other agricultural products, mainly fruits and vegetables, olive oil, and eggs.

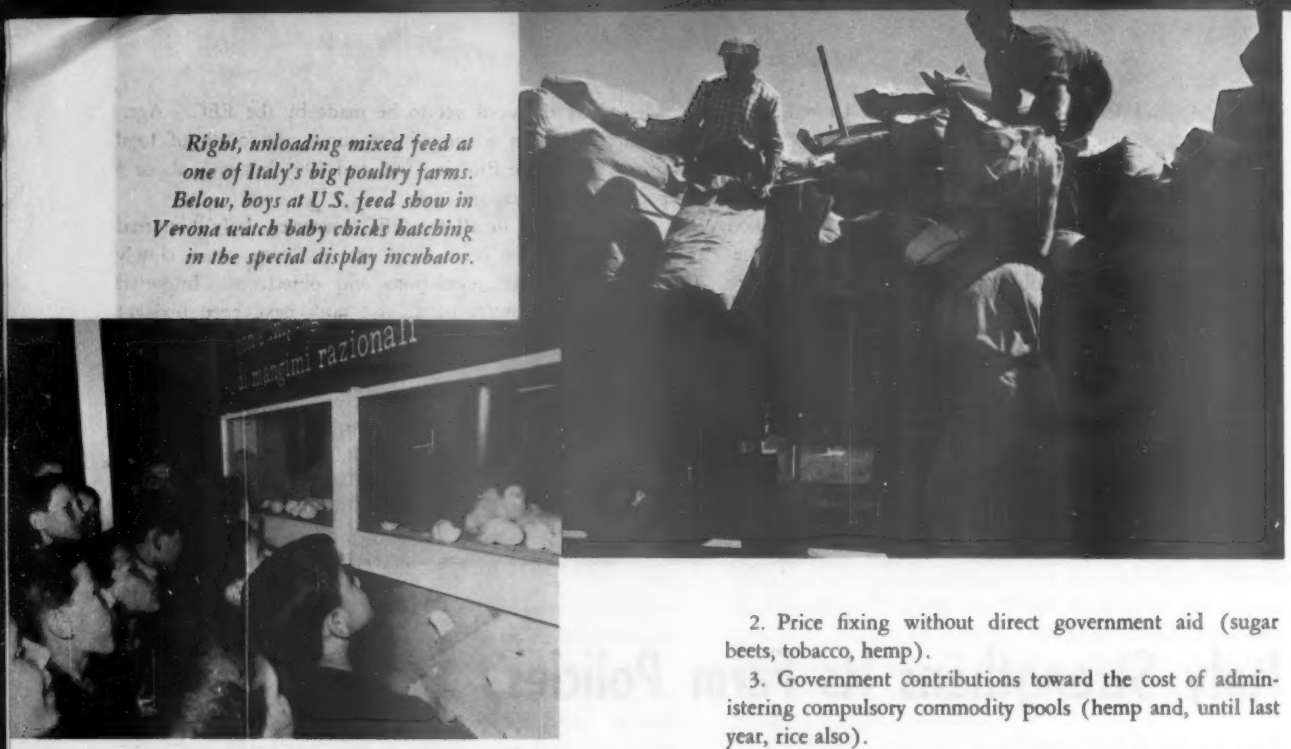
Agricultural policy in Italy is aimed, of course, at increasing farm income. The government seeks to attain this objective by several means—by improving the relationship between inputs of labor and capital and the resultant output, by distributing the labor force to best advantage in all sectors of the economy, by encouraging cash crop production in order to expand exports, by improving the systems of land tenure and domestic marketing, and by encouraging a greater degree of sufficiency in agricultural production.

These are the goals of a series of national programs, such as the Green Plan, Vanoni Plan, Southern Italy Fund, the Mountain Program, and others. Necessarily these national programs are being shaped to keep in step with the developing Common Agricultural Policy (CAP) of the EEC, of which Italy is one of the six member nations.

Help for depressed areas

A National Economic Planning Board, created in August 1962, coordinates economic and social development activities in an attempt to achieve a balanced growth rate and a fair distribution of income. Perennially depressed regions like Southern Italy, Sicily, and Sardinia are objects of special attention.

National problems and programs are of concern to EEC planners also. Sicco Mansholt, Vice President of the EEC Commission, said last month (April 4) in an address at



Right, unloading mixed feed at one of Italy's big poultry farms. Below, boys at U.S. feed show in Verona watch baby chicks hatching in the special display incubator.

Ithaca, N.Y., that low incomes pose a "great political problem in a large part of rural Europe." In great regions, said Mr. Mansholt, the farmer's average income is no more than half that of the industrial worker and tradesman. Specifically he said that in parts of Southern Italy, Sicily, and Sardinia a great deal remains to be done to bring the standard of living up to somewhere near "normal."

The Italian Government has been active in the development of agricultural production and socio-economic institutions in rural areas. Total investment, governmental and private, in such activities has been estimated at over $5 billion in the past 10 to 15 years. Principal goals have been a sound credit system, land distribution reform, reclamation of idle or abandoned acreage, mass education and training facilities, irrigation and drainage projects, and improvement of agricultural yields through introduction of advanced skills and materials.

Last November the government established the Enti di Sviluppo (Development Agencies) and set aside $50 million to be spent over 5 years for farm improvement. In addition, a revolving fund of $320 million was set up to finance land consolidation and resettlement. A liberal credit system provided for 40-year loans for land purchase and 10-year loans to buy farm stock, with an annual interest rate of 1 percent on each.

Five types of aid

The Italian Government has taken both direct and indirect approaches to maintaining domestic farm prices and subsidizing agricultural exports. Intervention has been of five principal types:

1. Price fixing accompanied by government financial contributions (on wheat alone).

2. Price fixing without direct government aid (sugar beets, tobacco, hemp).

3. Government contributions toward the cost of administering compulsory commodity pools (hemp and, until last year, rice also).

4. Government contributions toward administrative expenses of occasional voluntary pools (wheat, olive oil, cheese, butter, wine, wool, and silk cocoons).

5. Various import controls used indirectly to bolster domestic prices (vegetable oils, oilseeds, butter, live hogs and beef cattle, beef, pork fats, and rice). Also in this last category are monopoly controls on tobacco and state trading in bananas and wheat. EEC permission for state trading in wheat is scheduled to expire June 30, 1963.

Attention given to rice

Recent legislation provides for a government contribution of $2,240,000 to the Ente Nazionale Risi—the National Rice Corporation, an organization of Italian rice producers and processors—for purchasing, collecting, handling, and marketing rice harvested in 1962. The government has pledged also to pay up to 70 percent of the Corporation's operating expenses for 1962-63.

Italy has hopes of becoming the Common Market's principal source of rice. Agricultural technicians have been trying to introduce long-grain varieties which are preferred in EEC countries over Italy's traditional short-grain types. Acreage restrictions on rice have been removed and compulsory pooling has been discontinued, but still there were slight decreases in both acreage and production in the 1962 crop year. A shortage of skilled farm labor developed also, and exports were reduced further last year by an increase in domestic consumption of rice.

Current farm trade

Italy's farm exports averaged $650 million annually during 1960 and 1961, accounting for 17 percent of the value of total exports. Major items were fruits and vegetables, 65 percent of which went to EEC markets. West Germany, the major importer, took about three-fourths of Italy's fruit and vegetable shipments to the Market.

In 1960 and 1961, Italy exported to the United States agricultural commodities valued at an average of $56 million a year. Imports from the United States in the same 2 years accounted for 10 percent and 16 percent, respectively, of total farm imports which averaged $1.5 billion annually. Chief exports to America were fruits and vegetables, wine, cheese, and olive oil. Principal imports were cotton, wool, hard wheat, corn, oilseeds, and cattle.

Italy grows enough soft wheat in good crop years to supply its own needs, but it lacks the durum and hard wheat needed by its mills. Meat imports are necessary even though production rose 30 percent from 1959 to 1962. Cotton and soybeans also are principal import items.

Italian import regulations are undergoing liberalization. Lists of admissible commodities have been lengthened. Currently the government is authorizing global importation of meats, butter, and edible oil from time to time to meet consumers' demand at reasonable prices, but this may be only a temporary policy.

Bilateral agreements continue to provide a framework for an important part of Italy's foreign trade. Of 47 agreements in force, nine are with Soviet Bloc countries. The Communist countries ship a wide range of agricultural commodities to Italy; these trade relations may well be affected by decisions yet to be made by the EEC. Agricultural products accounted for about one-fourth of total imports from the Bloc in 1960 and 1961 but only about 4 percent of total exports to it.

Gradually, as in all the EEC countries, Italy's internal market and price regulations are becoming more closely linked with CAP regulations and objectives. Imported cereals, eggs, poultry meat, and pork have been brought under variable levy systems.

Italy's farm outlook

Agricultural growth in Italy has slowed down in recent years in relation to substantial and rapid advances in the industrial and commercial sectors. Agriculture's share of the GNP in Italy is expected to be in the neighborhood of 19 percent in 1962-63, as against 25 percent a decade ago. From 1951 to 1961, the farm labor force, including unemployed, dropped from 42 percent to 28 percent of the total labor force. These trends differ only in degree from those in most industrialized countries.

Nonetheless, Italy is hopeful of expanding its agricultural markets substantially within the EEC. Fresh and processed fruits and vegetables, rice, and wine are the products on which Italy is pinning its hopes.

French Wheat Crop Outlook Poor for 1963

Extensive winter-kill of fall-sown wheat in France will leave the European Economic Community with a sharply reduced 1963 wheat supply in contrast to last season's record production.

Although significant damage to the wheat crop of EEC's members has been reported only for France, the implications are important for the whole Community because French wheat production normally equals almost half of the area's total. During 1960-62 France accounted for 23 million tons of the 53-million-ton average wheat production in the EEC.

In France 10.4 million acres were planted to fall wheat last year. The French Ministry of Agriculture estimates that of this total, 2.7 million hectares have been destroyed by winter-kill. Also, the yield on an additional 3.7 million acres is estimated as reduced by 26 percent. Hence, only 4 million acres of fall wheat escaped damage in France. In terms of tonnage, this year's French wheat crop is now unofficially estimated at 8 to 9 million tons (about 60-65 percent of last year's record crop).

France is the EEC's only regular surplus wheat producer. The 1963 wheat crop as now estimated would just cover French domestic needs, leaving none for export. Last year's record French wheat production, however, left the country with a carryover about 1 million tons larger than usual. This will take up some of the slack in the deficit left by this year's poor outturn.

It is anticipated that about half the acreage destroyed by winter-kill (1.3 to 1.4 million acres) will be replanted to spring wheat. The remaining half is expected to be put into barley and corn production. This would tend, of course, to increase French feed grain production, which is in direct competition with U.S. feed grain exports to the EEC. Recently U.S. grain has covered some 50 percent of the EEC's feed grain import requirements and 30 percent of the area's wheat imports.

This year's small wheat crop will, for the time being, relieve pressures in the EEC from the rapidly mounting French wheat production. The French produce a soft wheat which is similar to the Red Winter variety grown in the United States. This type of wheat is in small demand in the main EEC importing countries; i.e., West Germany, Belgium, and the Netherlands, which are approaching self-sufficiency in soft wheat production. What is mostly needed by the EEC importers is high gluten wheat, such as U.S. Hard Red Spring wheat, but France cannot produce this type in abundance. The EEC also has a deficit in durum wheat (for macaroni) which cannot be satisfied from French production.

France's problem in selling its soft wheat to its EEC partners has been severe following the record 1962 crop throughout the EEC. Between July 1, 1962, and April 5, 1963, only 5 percent of the French wheat exports went to EEC countries.

This is very significant to the French Government because exports within the EEC move with no subsidy. The government must pay exporters a subsidy of more than $1 per bushel for shipments to non-EEC destinations.

Dominicans Push Livestock Industry
—moving away from sugar dependency

The Dominican Republic has launched a comprehensive livestock development program, aimed primarily at increasing beef cattle — now numbering about a million—by 100,000 head within the next 5 years. The program calls for importing 50,000 head of beef breeding cattle in this period, to upgrade local herds. It also includes plans to expand poultry and hog production, step up controls on livestock diseases and pests, and improve feed supplies, including pastures.

Primary purpose of the livestock program is to meet the Republic's sharply increasing demand for food. But, in addition, increased exports of livestock and meat could help supply some of the capital needed for industrial growth. Above all, livestock development is a major weapon in the allout effort the Dominicans are now making to diversify and rebuild their agriculture after years of forced overemphasis on sugar.

Why the program is needed

After the fall of the Trujillo regime, wages and employment increased and the demand for meat and other foods rose sharply. In response, so many cattle were slaughtered—including much of the breeding stock—that herds were seriously depleted. Clandestine slaughter of many cattle formerly owned by the Trujillos further reduced the cattle population. Exports of beef—nearly all to Puerto Rico—had to be curtailed in mid-1962, and may not resume in quantity for at least 3 to 5 years.

Dominican agriculture has suffered from overspecialization in export crops like sugar, with scanty investments of capital and technology in other farm products. As a result, the livestock industry has not grown so fast as the country's natural advantages—such as mild climate and generally adequate rainfall—would permit. Excellent cattle herds are in the minority. The dairy industry is largely undeveloped. Few farmers specialize in swine raising, though most have a hog or two. Poultry raising is widespread, but most chickens are small native stock.

The livestock development program looks toward improving native types through imports of breeding stock and through breeding services for cattle and hogs. Dominican cattle, mostly crossbreds with considerable native and Brahman blood, are hearty, tick-resistant, and well suited to their environment; but breeds such as the Santa Gertrudis, Brangus, Brown Swiss, and Holstein also perform well in the Republic.

In the effort to improve hog and poultry production, the Peace Corps is working with both local and U.S. business groups. A private U.S. foundation plans to contribute chicks and hogs and a Dominican business group will import a number of chicks. Many broiler chicks are now being imported from the United States by plane, to be raised near the major market area, the capital city.

Disease and feed are problems

A major problem is animal diseases and parasites. In 1962, an estimated 20 percent of the milk cows were suffering from brucellosis and 5 percent from tuberculosis. Heavy losses in productivity come from flies and ticks, both through irritation and through the transmission of disease. Most cattle are exposed to constant infestation.

With less than 2 percent of the hogs vaccinated, hog cholera causes a mortality of some 30 to 40 percent a year; internal parasites are also a serious difficulty. Some 40 percent of the poultry is killed off by Newcastle disease every year, since vaccination is costly for the small farmer and is often neglected.

Under the livestock program, the government initiated a disease control project in fiscal 1963 with part of the $25-million AID loan, and it expects to continue this work during the current fiscal year from its own funds. Emphasis is on eradicating TB, brucellosis, and hog cholera.

Feeding to be improved

Another big problem is feed. High on the list of tasks under the program is pasture improvement; pasture for cattle is abundant and cheap, but well-managed pastures are rare. Many are undergrazed during periods of rapid growth and overgrazed in dry spells. Better pasture management is being stressed, as is the building of trench silos to produce silage for the dry periods.

On the country's better soils, pangolagrass is being encouraged because of its high carrying capacity under proper management. Also emphasized are simple improvements in feeding practices, primarily the use of mineral supplements, to help reduce the abortion rate.

The Agricultural Credit Bank is using its funds primarily in loans for pasture improvement, including fertilizer, and other measures to increase the carrying capacity of the land.

Because suitable hog feed is not so easily available as pasture for cattle, many Dominican hogs must forage for themselves. Poultry, too, often depends on local pickings, such as insects and plants. Expansion of feed grain output is being stressed to provide concentrates for poultry and hogs, and yields are expected to increase with more fertilizer and better adapted varieties.

To finance the program in its various aspects, the Dominicans can look to several sources. One is their greatly improved earnings from sugar exports, with better prices and a large U.S. quota; another, the $25-million credit received last year from the U.S. Agency for International Development (AID); a third, the recent $23-million AID grant. Local capital has offered $5 million for cattle imports, and the government is loaning $6 million of its own resources for livestock development.

U.S. Signs Big Milk Pact With Japan

Present at the signing ceremony, which took place soon after the Japanese Ambassador arrived to take up his new post in Washington, were: (l.-r.) Yoshihiko Hasegawa, Agricultural Counselor of the Embassy of Japan; the Ambassador; Senator Hubert H. Humphrey; Secretary Freeman; Senator Eugene J. McCarthy; Senators Humphrey and McCarthy have sponsored many dairy bills in Congress.

Secretary of Agriculture Orville L. Freeman recently signed a contract with Japanese Ambassador Ryuji Takeuchi for the sale of 187,391,000 pounds of U.S. nonfat dry milk—believed to be the largest single sale ever made of a U.S. dairy product.

The Secretary said: "We are happy to be able to support the expansion of the Japanese school lunch program. This sale is good news, too, to the dairy farmers of the United States. We have plentiful supplies of dairy products on hand and we are in the season when production is at its best. This sale will have a healthful effect on our dairy markets."

Since 1950, nearly 550 million pounds of U.S. nonfat dry milk have been sold to the Japanese Government for its school lunch program. The 187 million pounds in the new contract will be used during the April 1963-March 1964 period.

Latin America Seen as Ripe Market For U.S. Peas; No Rival for Lentils

A dual-purpose survey trip of Latin America as a market for U.S. peas—and as a competitor of U.S. lentils—has shown that export conditions are favorable for both of these pulses. Sales of U.S. peas to Latin America could rise considerably if encouraged by market development and easing of trade barriers; and the area is not seen as strong competitor to U.S. lentils in world markets for some time.

Making the 7-country survey was an FAS marketing specialist and representatives of these groups: The Washington Pea and Lentil Growers Association, Inc., the Idaho Association of Pea and Lentil Producers, Inc., the Pacific Northwest Pea Growers and Dealers Association, Inc., and the Kerr Grain Corporation of Oregon.

The team sees the use of U.S. peas as an economical approach for easing Latin America's protein-deficit problem. Dry peas are one of the richest and cheapest sources of vegetable protein available.

The major Latin American pea-importing countries—Brazil, Colombia, Peru, Uruguay, and Venezuela—have recently begun to reconstitute dry peas for canning. The process is not new; the United Kingdom, chief buyer of U.S. dry peas, has used it successfully for at least 10 years.

Most peas in Latin America, however, are canned fresh and are a luxury item. A substantial saving is believed possible if dry peas were imported and reconstituted.

With the rise in consumer demand expected for low-cost dry peas, Latin American pea imports should rise. At the moment, canners there are able to sell all the peas they process. The United States is the world's largest dry pea exporter.

Latin Americans are asking for technical help in processing dry peas, but little research has been done in the United States to improve processing techniques. Grower groups in Washington and Idaho are working to establish commissions that would provide funds for research and promotion programs. With such funds pea growers could cooperate with FAS in the use of P.L. 480 funds for overseas market development.

The U.S. program would be based largely on employing trade representatives in Latin America to promote the use of U.S. dry peas by canners and other users, and to encourage relaxation of import restrictions now impeding U.S. trade in peas.

The survey team also investigated the potential competition of Latin American lentils with U.S. lentils in the large European importing market. Five years ago European markets opened for U.S. lentils when disease struck the heart of Latin America's lentil-growing industry in Chile and Argentina. The area has not fully recovered. In response to the world lentil shortage, U.S. production rose by 500 percent.

More research must be conducted in the United States for developing larger green lentils and Asiatic red lentils.

Wheat Associates Plan Charcoal Oven Project

To encourage the home baking of wheat foods and to increase flour consumption in the Philippines, Wheat Associates, USA, Inc., is demonstrating a charcoal oven constructed from old 5-gallon kerosene cans and fired by charcoal made from coconut husks —both plentiful in the Philippines.

Rural Filipinos normally eat bread at only one meal—breakfast—when they start out the day with a "pan de sal" or hard salt roll. The roll is usually purchased from the village baker. Home baking has been impossible because these rural people lacked both ovens and fuels.

Wheat Associates hope to overcome this difficulty by popularizing the charcoal oven and increasing consumption of the traditional hard roll. These ovens can easily be copied by any village tinsmith or home handyman.

Cooperating in the project are the Philippine Bureau of Agriculture and Extension and the Philippine Association of Flour Millers. The Bureau will be in charge of demonstrating the ovens and distributing pamphlets giving instructions on how to make the oven, as well as recipes for bread and other wheat foods. At the same time, the local flour millers association will sell "home flour packages," or small 10 or 15-pound sacks. Heretofore, flour in rural Philippine areas has been available only in large sacks for the use of the village baker.

The Republic is already an important dollar market for U.S. wheat and flour, buying 65 percent of its requirements from the United States in fiscal year 1960-61. However, Wheat Associates believes it can increase per capita consumption of wheat and flour through the oven project.

Australian Team Urges Japanese Trade Center

A 5-man Austalian trade mission, recently returned from Japan, has advised the Australian Government to speed action setting up a large trade and publicity center in Tokyo as an important step toward capturing more of the Japanese market. (The U.S. Trade Center opened in Tokyo April 2.)

The government was also urged to send a resident trade commissioner to Osaka in addition to the three trade representatives already in Japan. The mission estimates that Japan's population of nearly 100 million should offer Australia a market twice the size of its present one.

U.S. Makes First Gift To World Food Program

The United States has just made its first contribution to the 43-nation World Food Program of the U.N. Food and Agriculture Organization, with $1.7 million in wheat for flood-ravaged Morocco, plus an additional $500,000 in ocean freight charges. The United States has pledged a total of $40 million in surplus agricultural commodities and $4 million in transportation costs to the program, whose goal is $100 million in food donations from member countries over a 3-year period. U.S. contributions will be financed under Food for Peace (P.L. 480, Title II).

Signing the authorization for shipment of grain to Morocco are: Harold A. Vogel (center), Director of FAO's North American regional office and Herbert J. Waters (right), AID Assistant Administrator for Material Resources. Dr. Roland R. Renne (left), Assistant U.S. Secretary of Agriculture for International Affairs, is a U.S. member of the program's intergovernmental committee.

Japanese Feed Men Go To Oklahoma State U.

Oklahoma State University at Stillwater, Oklahoma, will offer a short course in feed formulation June 17-28 to 40 representatives of Japan's major feed manufacturing companies. This kind of market development is a "first" for the U.S. Feed Grains Council, sponsoring organization.

The program's aim is to help Japan's feed industry use improved feed formulations to increase its efficiency. The United States is the major supplier of this booming industry.

Several importing countries of U.S. feed grains have asked to have their feed technicians receive similar instruction, the Council reports.

U.S. Products Showing At Bologna Food Fair

Six U.S. agricultural products are currently on display in the American pavilion at the Italian Gastronomic Fair running at Bologna, May 8-23.

U.S. commodity groups and the U.S. Agricultural Attaché in Italy have cooperated to bring to Bologna, the food capital of Italy, products of interest to Italian consumers.

The Florida Citrus Commission is offering samples of grapefruit juice to pavilion visitors, most of whom have never tasted grapefruit, which is not grown to any extent in Italy. The California Dried Fruits Association is displaying California prunes and seedless raisins.

The National Dried Bean Council is showing 14 kinds of beans—a particular favorite with Italians for use in soup. The exhibit of the Soybean Council of America features samples of French fried potatoes, cooked on the spot in soybean oil. The American Seed Trade Associates is demonstrating American hybrid seeds.

The American Institute of Poultry Industries' display features turkey, also relatively unknown in Italy, but becoming popular with Italian hotel and restaurant customers.

New Zealand Sells More Dairy Products

Exports of butter from New Zealand in 1962 totaled 370 million pounds, up slightly from the 365 million pounds exported in 1961. The United Kingdom again accounted for about 94 percent of total sales by taking 347 million pounds. There was some increase in quantities shipped to several minor markets, but these were offset by a sharp decline in exports to West Germany.

Cheese sales, the highest since 1953, were up 5 percent to 207 million pounds. Purchases by the United Kingdom —183 million pounds—were more than 88 percent of the 1962 total. Exports to the United States declined from 14 million pounds to 10 million. Slightly higher sales were made to several minor markets, among them Jamaica, Trinidad, and British Guiana. Sales also were made to Western Germany and South Africa, the first in 3 years.

Exports of nonfat dry milk increased 9 percent to 85 million pounds. Shipments to the United Kingdom have been declining for several years, and in 1962 they were again below the level of the previous year, amounting to 40 million pounds, compared with 41 million in 1961. Sales to the Philippine Republic were down 9 percent to 13 million pounds; those to India dropped from 6 million pounds to 4 million. Among the countries making larger purchases than in 1961 were Jamaica, Peru, and Malaya.

Germany Modifies Canned Food Tenders

The Government of Germany has announced that the validity of import licenses already issued has been extended through May 15, 1963, on the following canned foods:

(1) Canned green beans from various countries—including the United States; (2) Canned plums from the U.S. and Canada; (3) Canned green peas from various countries, including the U.S.; (4) Canned asparagus spears and tips from the U.S. and Canada; and (5) Canned wax beans from the U.S., Canada, and Israel.

For items (1) and (2), the previous licenses were valid through March 31, 1963.

Under the previous tenders, import licenses for items (3) and (4) were valid through March 31, 1963, and item (5) through March 15, 1963. Further applications for import licenses under these tenders—items (3), (4), and (5)—may be submitted until the undisclosed value limit is exhausted, but not later than May 10, 1963.

Dutch Buying More Cigarettes

Cigarette sales in the Netherlands continued to rise through 1962. Total sales amounted to 15.2 billion pieces —up 3.8 percent from the 14.6 billion sold in 1961.

Sales of cigars, at 1,425 million pieces, were down slightly from the 1961 level of 1,447 million pieces but still exceeded sales prior to 1961. Combined sales of the other products also turned downward last year and amounted to 20.4 million pounds against 21.3 million for 1961.

Philippine Tobacco Exports Largest Since 1931

Philippine exports of unmanufactured tobacco during 1962 were the largest since 1931. Exports last year, practically all native cigar types, totaled 53.2 million pounds, compared with 37.0 million in 1961 and with 22.2 million, the 1955-59 annual average.

Shipments to Spain, the major export outlet, rose to 23.3 million pounds in 1962 from 21.8 million in 1961. Exports to the United States, at 12.1 million pounds, were almost 30 percent greater than the 9.3 million pounds for 1961. Exports to West Germany, the Netherlands, and Belgium were also up sharply from 1961. The shipment of 3.1 million pounds to France last year was significant because no Philippine tobacco has been reported shipped to that country since 1955.

Average 1962 prices per pound for leaf exports to major destinations were as follows (in U.S. equivalents): The United States, 14.4 cents; Spain, 10.5 cents; West Germany, 9.2 cents; France, 12.5 cents; the Netherlands, 13.6 cents; and Belgium, 12.7 cents. The average export price of all leaf tobacco shipped abroad was equivalent to 11.3 U.S. cents per pound, compared with 11.2 cents in 1961.

Philippine imports of unmanufactured tobacco last year totaled 2.6 million pounds, compared with only 46,000 pounds in 1961. Virtually all imports came from the United States, except for a very minor quantity of cigar wrapper from Indonesia.

PHILIPPINE EXPORTS OF UNMANUFACTURED TOBACCO, 1961 AND 1962

Country of destination	1961		1962	
	Quantity	Price per pound [1]	Quantity	Price per pound [1]
	1,000 pounds	*U. S. cents*	*1,000 pounds*	*U. S. cents*
Spain	21,822	9.4	23,294	10.5
United States	9,348	15.9	12,053	14.4
Germany, West	1,864	5.4	7,645	9.2
France	—	—	3,120	12.5
Netherlands	571	13.6	2,045	13.6
Belgium	993	12.3	2,028	12.7
Others	2,431	12.2	3,039	7.1
Total	37,029	11.2	53,224	11.3

[1] Converted at the free market rate of 3.90 pesos to $1 U. S.

Rhodesian Flue-cured Prices Turn Up Slightly

Average auction price for 1963 flue-cured tobacco in Salisbury, Southern Rhodesia, after declining for 5 consecutive weeks from the opening of the market, turned upward slightly in the sixth and seventh weeks. The average price was equivalent to 41.9 U.S. cents per pound for the seventh week ending April 25, 1963, compared with 37.5 cents for the fifth week and 42.2 cents for the first week.

Total sales through the seventh week amounted to 50.3 million pounds at an average price equivalent to 39.7 U.S. cents per pound. Sales last year for the same period totaled 49.8 million pounds at an average price of 48.3 U.S. cents.

French Tobacco Exports Smallest Since 1959

French exports of unmanufactured tobacco (including reexports of tobaccos not grown in France) continued downward for the third consecutive year through 1962. Total shipments last year amounted to 6.2 million pounds, compared with 7.5 million in 1961 and with the 8.9 million of the 1959 postwar high.

Shipments to the United States, largely reexports of oriental tobaccos, last year totaled 2.9 million pounds, compared with 4.8 million in 1961. Exports to Belgium-Luxembourg were also down from the preceding year. The reductions in shipments to these two countries and the absence of exports to Algeria more than offset increased exports to Switzerland, the Netherlands, West Germany, and Hungary.

Average export prices per pound of leaf tobacco, for leaf exports and reexports to major destinations in 1962, were as follows (in U.S. equivalents): The United States, 77.2 cents; Switzerland, 84.5 cents; the Netherlands, 166.7 cents; West Germany, 82.3 cents; Belgium-Luxembourg, 99.8 cents; and Hungary, 18.8 cents. The average price of all leaf tobacco exported last year was equivalent to 88.5 U.S. cents per pound.

FRENCH EXPORTS OF UNMANUFACTURED TOBACCO, 1960-62

Country of destination	1960	1961	1962 [1]
	1,000 pounds	*1,000 pounds*	*1,000 pounds*
United States	4,432	4,822	2,875
Switzerland	531	771	946
Netherlands	313	297	664
Germany, West	947	450	505
Belgium-Luxembourg	522	709	465
Hungary	—	9	459
Algeria	751	268	—
Others	403	216	316
Total	7,899	7,542	6,230

[1] Preliminary; subject to revision.

Ontario Flue-cured Sales Near Completion

Sales of the 1962 crop of Ontario flue-cured tobacco in Canada are nearly completed. Total sales through April 19, 1963, amounted to 163 million pounds at an average price of 51.4 Canadian cents per pound.

Purchases by regular buyers totaled 140.6 million pounds at an average of 51.3 Canadian cents per pound. The Board's purchases of "no sale" tobacco through April 19 totaled 22.4 million pounds (52.4 Canadian cents) and represented 14.3 percent of total sales under the levy plan.

West Germany Extends Pork, Lard Tenders

In late April the Federal Republic extended import tenders for lard, fatback, pork livers, pork kidneys, and beef livers from the United States, Canada, and other nonmembers of EEC. Applications for import licenses may be submitted until June 25, 1963.

Import tenders for lard, fatback, and variety meats have been extended several times since the effective date of the EEC pork product regulations was postponed. The EEC market regulation for beef and beef products probably will not become effective before 1964. Until that date, beef livers will be imported under separate tenders. Little or no other beef variety meats are being imported from the United States at this time.

Australian Meat Moves to the U.S., Canada

Two ships left Australia the second and third weeks of April with 5,138,560 pounds of beef, 660,800 pounds of mutton, and 11,200 pounds of lamb for the United States and Canada.

Ship and sailing date	Destination [1]	Arrival date	Cargo	Quantity
	Eastern and Gulf ports			*Pounds*
Rockhampton Star [2] Apr. 4	Tampa	Apr. 27	Beef	44,800
	Savannah	May 1	Beef	147,840
	Charleston	2	Beef	161,280
	Norfolk	4	Beef	76,160
	Philadelphia	5	Beef	165,760
	New York	9	Beef	851,200
	Boston	13	Beef	33,600
	Montreal, Can.	18	Beef	309,120
			Lamb	4,480
			Var. meats	17,920
	Western ports			
Monterey Apr. 11	San Francisco	Apr. 25	Beef	347,200
			Mutton	89,600
	Los Angeles	May 3	Beef	331,520
			Mutton	56,000
Cap Corrientes Apr. 14	Seattle	May 1	Beef	394,240
			Mutton	33,600
	San Francisco	May 4	Beef	1,458,240
			Mutton	78,400
	Los Angeles	May 8	Beef	2,607,360
			Mutton	403,200
			Lamb	11,200

[1] Cities listed indicate location of purchaser and usually the port of arrival and general market area, but meat may be diverted to other areas for sale.

[2] In addition to amounts reported in *Foreign Agriculture*, April 29, 1963.

New Zealand Steps Up Wool Research

New Zealand's newly formed Wool Research Organization, with a staff of 16 scientists, is planning to begin operations in 1965 at Lincoln, Canterbury.

Research will be made to improve wool handling from the farm to the mill. One of the first surveys will include shearing, storage, selling, buying, shipping, and transportation methods. Also to be studied will be the heating of bales in transit, bale opening, and sorting.

Another survey will cover operations in the wool pulling industry. The organization is seeking a chemist to work on improved depilatory solutions. About one-seventh of New Zealand's wool production is pulled wool.

Attention is also being given to the carpet wool trade, an industry of great importance to New Zealand. Possible lines of research might include the best methods of carpet construction, methods of reducing the amounts of discolored wool, bleaching, and related problems.

The organization will also do pure research in such fields as the molecular structure of wool, fiber modification that will change wool fiber characteristics to meet manufacturers' needs, and studies of heat and moisture diffusion through wool.

Paraguay Reduces Meatpacking Taxes

The meatpacking industry of Paraguay received a substantial tax reduction in December 1962, after several months of negotiations between industry representatives and the government. The reduction amounted to $7.93 per head of cattle slaughtered and was equal to about 70 percent of the industry's total tax burden.

The new tax schedule for 1963 operations was computed by lowering the export tax from 7½ percent to 2½ percent and eliminating exchange surcharges, taxes on all meat industry imports (cans, equipment, etc.), the slaughter tax of 63 cents per head, and the Paraguayan Meat Corporation's tax of $1.09 per head. Taxes still applicable will amount to about $3.17 per head of cattle.

Although world market prices of canned meat are down slightly from last year, the tax reduction should make 1963 a much more profitable year for the meatpackers and lend impetus to the further development of the livestock industry. Export sales of meat in 1962 were down 13 percent from 1961.

Meat products and hides continue to be Paraguay's most important exports. They comprised $9.2 million, or 28 percent, of total exports in 1962 compared to $10.6 million in 1961.

Brazil Revises Coffee Exchange

The Brazilian Government on April 20, 1963, authorized the Bank of Brazil to raise its official buying and selling rates of exchange from 460 and 475 cruzeiros to the dollar to 600 and 620, respectively. At the same time the contribution quota on exports of the 1962-63 crop coffees was raised from $22 to $26 per 132-pound bag. The export contribution quota for the 1961-62 coffee crop is still being maintained at US $26 or its equivalent in other currency.

The Administrative Board of the Brazilian Coffee Institute is now considering the 1963-64 crop marketing regulations. The 1963-64 marketing year begins in July 1963; however, publication of the regulations is expected in May.

Mexico and Indonesia Sign Trade Agreement

Under a new trade agreement with Mexico, Indonesia will make available rubber and latex valued at $7.7 million, $1.2 million of cassia, $600,000 of black pepper, $200,000 of nutmegs, and $300,000 of tea.

Mexico in return will make available textiles and weaving yarn valued at $14 million and $4 million, respectively. The values of the commodities from Indonesia are the same as those contained in the 1962 agreement, and again Indonesia has agreed to import $18 million worth of goods from Mexico.

Japan May Finance Bolivian Sugar Mill

The Bolivian Government has asked Japan for a $6.5 million credit to be used in setting up a sugar mill at Bermejo in the Department of Tarija. It is understood that the credit, if extended, will be available for planting cane in the Bermejo area, buying sugar milling and agricultural machinery, as well as for covering the expenses of installing the equipment and putting the factory in operation. According to the manager of the Bolivian Development Corporation, the Japanese are very much interested in granting this credit, which will be repaid in 15 years and carry an interest rate of 5½ percent.

Philippine Coir Exports Gain

Shipments of coir fiber from the Philippines in 1962, at 219,000 pounds, the largest ever, exceeded the 1960 high by about 20 percent or 36,000 pounds. However, they were not as large as the trade had expected. Japan took 164,000 pounds of the total 1962 exports and South Korea 55,000 pounds.

The coconut industry encourages coir production, but export trade undergoes stiff price competition from Ceylon and India.

Production of coir fiber in 1962 is unofficially estimated at between 3.1 million and 3.3 million pounds, compared with 3.5 million in 1961. Defibering plants in operation are capable of producing 9-10 million pounds annually, but the unfavorably high prices of Philippine fiber in the competitive market have weakened demand. Baled fiber output was 139,600 pounds in 1962 compared with 110,000 pounds in 1961. Carryover stocks of baled fiber were reduced from 101,000 pounds on January 1, 1962, to 19,600 on December 31.

Nearly all the unbaled coir is consumed locally in the making of rope, cushions, mattresses, rugs, mats, and other similar commodities. The Philippine Coconut Administration (Philcoa) is experimenting with new uses for coir fiber, especially in the fishing industry.

India Raises Cotton Support Prices

The Government of India recently announced an increase in the floor price of its cotton for the 1963-64 season (September-August).

The floor price for basic Moglai Jarilla (base is 25/32 inches in staple length) was raised to 700.99 rupees per candy of 784 pounds, from 600.99 rupees per candy. This increase brings the floor (support) price to about 18.75 U.S. cents per pound of lint from the previous level of 16.07 cents. Floor prices for other varieties were raised by corresponding amounts. This action is not likely to affect current offering prices, which have been at or close to the ceilings during most of the past several seasons. Ceiling prices of cotton remained unchanged.

Canadian Grain Stocks Larger Than in 1962

Canada's grain stocks on March 31, 1963, were considerably larger than the small supplies on that date of 1962. They are still, however, well below the average of the past 10 years.

Wheat and oats account for most of the increase over the past year, though barley stocks are also significantly higher. Rye stocks are nearly unchanged from their 1962 level, but only about a third of the 1953-62 average.

CANADIAN GRAIN STOCKS, MARCH 31, 1963

Position	Wheat	Oats	Barley	Rye
	1,000 bushels	*1,000 bushels*	*1,000 bushels*	*1,000 bushels*
In Canada:				
On farms	280,800	240,000	95,900	3,200
Country elevators	210,807	17,299	23,554	1,545
Interior private and mill elevators	8,061	521	2,443	36
Interior terminal elevators	5,352	263	1,091	—
Vancouver-New Westminster elevators	10,984	1,218	659	234
Victoria elevator	687	—	—	—
Prince Rupert elevator	607	—	5	—
Churchill elevator	4,857	—	—	—
Fort William-Port Arthur elevators	58,626	16,665	11,583	884
Storage afloat	13,669	68	1,119	—
In transit—rail	20,651	2,573	1,867	430
Eastern elevators	51,637	1,777	2,071	242
Eastern mills (mill bins only) [1]	2,429	478	2	—
Western mills (mill bins only) [1]	249	6	1	8
Total in Canada [2]	669,416	280,869	140,294	6,580
In the United States	—	—	—	16
Total in all positions Mar. 31, 1963 [2]	669,416	280,869	140,294	6,596
Total Mar. 31, 1962	580,707	159,766	107,258	6,664
1953-62 average	731,494	256,405	195,710	17,526

[1] Excludes small quantities of grain going into ground feed.
[2] Preliminary estimates. From Dominion Bu. of Statistics reports.

Chile's 1963 Bean Exports To Be Lower

The 1963 bean harvest now underway in Chile is officially estimated at 88,160 metric tons compared with 93,500 tons in 1962. Drought in the main producing area of southern Chile is largely responsible for the decrease.

The Chilean trade feels that the crop may be even lower—possibly only 85,000 tons. Export availabilities from this crop are estimated as follows, by varieties:

	Metric tons
Arroz	9,000
Cristales	5,000
Red kidney	3,500
Other	1,000
Total	18,500

Exports, estimated at 3 percent below those in 1962, are expected to continue the downward trend evident in the following tabulation:

Average:	*1,000 metric tons*
1945-49	36
1950-54	24
1955-59	22
1960-62	22
1963 forecast	18

Bean Production Decreases In Nicaragua

Nicaraguan bean production for 1962-63 is expected to be 10 percent lower than the large crop of 1961-62. Although final figures from the December-January harvest are not yet available, it is now estimated that 625,000 bags have been produced this year, compared with 696,200 bags in 1961-62 and 480,000 in each of the two previous seasons. There are two bean harvests annually in Nicaragua, one in August and one in December-January.

Encouraging the large crop in 1961-62 was the government support price of $5.95 per hundredweight. This high support price discouraged exports, however, and more beans were offered to the government than available storage could handle. The subsequent lowering of 1962-63 supports to $5.10 per hundredweight tended to reduce the crop, make exports more attractive, and lessen the requirement for government storage.

Government policy in Nicaragua is directed toward making the country a major exporter of beans to other countries in the Central American Common Market. To this end, construction of additional storage is now being considered. El Salvador and Costa Rica have been net bean importers in the Common Market for several recent years.

Chile To Export Fewer Lentils in 1963

The 1963 Chilean lentil crop now being harvested is unofficially estimated at 15,000 tons compared with 16,500 in 1962 and 19,000 in 1961. The decline is attributed to drought, which reduced yields per acre to the lowest in several years.

Exports from the 1962 crop totaled 9,950 metric tons, or only two-thirds of the normal quantity.

Indian Peanut Production Down Slightly

The first official estimate of India's 1962-63 production is 5,062,300 tons (in shell) from 16,407,000 acres, compared with revised estimates for 1961-62 of 5,164,275 tons from 15,869,000 acres.

The 2-percent decline in production despite the 3-percent increase in area is attributed to unfavorable weather, particularly poor distribution of rains and dearth of late rains.

These estimates supersede the Indian peanut estimates published in the world summary, *World Agricultural Production and Trade Statistical Report,* April 1963.

Nicaragua's Cottonseed Production Expands

Nicaragua's 1962-63 commercial cottonseed production is estimated at 138,000 short tons, one-fourth larger than the 110,000 tons produced a year earlier. This increased output reflects the continued expansion that has occurred each year since 1960-61, following a sharp drop in 1959-60 production to 59,000 tons.

In line with increased production of cottonseed, the domestic oilseed crushing industry is expanding. There are reportedly three crushing plants with annual capacities of 30,000, 10,000, and 5,000 metric tons, respectively. The largest plant is being expanded, and by 1964 it will have an annual capacity of 45,000 tons.

Prior to the government's restrictions on cottonseed exports as of November 15, 1962 (*Foreign Crops and Markets,* Dec. 17, 1962), the crushing industry suffered from a shortage of seed. Exports of cottonseed during January-September 1962 had been 76,925 tons compared with only 45,729 in calendar 1961. Japan is the major market.

Practically all of the cottonseed oil produced is consumed in the country. However, the expanding oil industry undoubtedly looks toward the Costa Rican market if local demands are fulfilled. Other oils still imported include some cottonseed, peanut, coconut, and olive.

Nicaraguans have expressed some concern that the quality of Nicaraguan cottonseed is deteriorating. This is

thought to result from different varieties being planted.

While cottonseed is the major oilseed grown in Nicaragua, there is a small production of several other oilseeds, the most important of which is sesameseed. The 1962-63 sesame crop is estimated at 5,130 tons compared with 6,845 tons in 1961-62. January-September 1962 exports of sesameseed totaled 4,980 tons against 8,913 tons in 1961. The United States is by far the major market.

Argentine Edible Oil Output To Decline

Argentina's production of edible vegetable oils during the 1963-64 season, estimated at 284,500 metric tons, is expected to be down almost one-fourth from last year's high level but substantially up from the 1961-62 output.

The decline is due principally to the sharp reduction in the 1962-63 sunflowerseed and peanut crops. Official estimates of these crops are not yet available, but for sunflowerseed, trade estimates range from 500,000 to 600,000 tons compared with 860,000 tons produced last year, and for peanuts from 300,000 to 375,000 tons compared with 433,000 last year.

ARGENTINA: EDIBLE VEGETABLE OILS 1961-63 [1]

Item	1961-62	1962-1963 [2]	1963-64 [3]
	1,000 metric tons	*1,000 metric tons*	*1,000 metric tons*
Supply:			
Stocks, April 1	31.7	21.5	40.0
Production:			
Sunflower	154.6	210.0	150.0
Peanut	64.5	125.0	100.0
Cottonseed	17.6	17.5	16.5
Olive	3.6	12.5	10.0
Others [4]	7.9	8.0	8.0
Total production	248.3	373.0	284.5
Total supply	280.0	394.5	324.5
Distribution:			
Exports:			
Sunflower	30.1	11.0	10.0
Peanut	31.6	105.0	70.0
Cottonseed	2.5	13.5	10.0
Olive	.5	10.0	10.0
Others [4]	—	—	—
Total exports	64.7	139.5	100.0
Domestic disappearance	193.9	215.0	204.5
Stocks, March 31	21.5	40.0	20.0
Total distribution	280.0	394.5	324.5

[1] Season beginning April 1. [2] Partly estimated. [3] Forecast.
[4] Includes rape, grape, corn, and other vegetable oils.
Totals computed from unrounded figures.
Compiled from official and other sources.

Exportable supplies of edible oils in 1963-64 are estimated at only 100,000 tons compared with estimated exports in 1962-63 of about 140,000 tons. The outstanding feature of Argentina's edible oil trade in calendar 1962 was the 96,912 tons of peanut oil exported—over 3 times the 1961 tonnage. Major markets were the Netherlands—49,169 tons; Spain—36,188 tons; and West Germany—9,024 tons. Cottonseed oil exports of 11,426 tons were 3 times those of the previous year. Of this total, 9,604 tons went to the Netherlands.

Olive oil exports reached 9,165 tons compared with only 570 tons in 1961. Most of this—7,522 tons—went to Italy. In sharp contrast to peanut, cottonseed, and olive oil exports, sunflowerseed oil exports dropped to 9,617 tons, less than one-third the 1961 total. The bulk of the total—8,267 tons—was sold to the Netherlands.

Japan and China Agree on Soybean Prices

Japanese and Communist Chinese trade groups have agreed on the prices of 44,000 metric tons (1.6 million bushels) of soybeans for May-July shipments. Of this total, 14,000 tons are for May shipment at the equivalent of $100.10 f.o.b., 15,000 tons for June shipment at $100.38, and 15,000 tons for July shipment at $100.80. The freight rate is expected to average $5.70 per ton to Yokohama. This 44,000 tons of soybeans is part of the 5-year agreement to import 150,000 tons of Chinese soybeans yearly. (*Foreign Crops and Markets*, Dec. 17, 1962.)

On the basis of this information, the c.i.f. price would be approximately $105.70 per metric ton ($2.88 per bushel), or slightly less than the U.S. No. 2 soybeans currently offered at between $108 and $110 per ton ($2.94 and 2.99 per bushel), c. and f. For oil crushing, U.S. beans are preferred.

Because of *Sclerotium* fungus infection (*Foreign Agriculture*, April 15), these agreed prices for May-July shipments are slightly above what was expected. However, the trade reportedly has an understanding with the Chinese authorities that the soybeans will be hand-cleaned before shipment to Japan. Arrivals during the last few months have been infected with the fungus and the soybeans required cleaning before being distributed throughout Japan. The agreement on the above terms again indicates the willingness of some of the Japanese users to acquire Chinese soybeans and carry out the terms of the agreement.

Japan Liberalizes Cottonseed Oil

Japan liberalized (placed on the Automatic Approval list) the import of cottonseed oil for the manufacturing of mayonnaise, effective April 1, 1963.

The Japan Food Oil Association had met with the Mayonnaise Manufacturers Association for the purpose of determining the quantity of this oil needed for mayonnaise manufacturing in 1963. Total demand was estimated at 26,000 metric tons. Of this, about 5,000 tons will be imported—mainly from the United States—and the remainder will be crushed from imported cottonseed.

Imports of cottonseed oil from the United States are thus expected to increase substantially. During calendar years 1961 and 1962 they were 2,340 and 3,665 tons, respectively, whereas total imports for January and February 1963 alone were 3,762 tons.

The liberalization of cottonseed oil for mayonnaise may be the first step in further liberalization. Imports of this oil will be watched very closely by government officials and the domestic industries. If there is no serious interference with the domestic industry, one might expect the oil to be liberalized for other uses. The margarine industry in the past has used very little of this oil; indeed, it has used whale and fish oils. Substantial quantities of cottonseed oil would probably be imported if liberalized for margarine production.

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India Bans Expeller Peanut Cake Exports

The Indian Government, effective April 1, 1963, banned exports of expeller-variety peanut oilcake. This action was taken in deference to the wishes of the Indian solvent extraction industry, which uses the expeller-variety peanut oilcake to extract oil and produce defatted peanut meal.

Indian exports of expeller peanut oilcake in 1961 and 1962, sent mostly to the United Kingdom, were 47,320 and 33,024 metric tons, respectively.

Exports of defatted peanut meal from India are completely decontrolled and this commodity continues to have a good market abroad. Exports in 1961 and 1962, also largely to the United Kingdom, totaled 374,571 and 613,139 tons, respectively.

Tunisia Limits Olive Oil Exports

The Tunisian Government announced in its official circular letter of March 25, 1963, that exports of olive oil will now be limited to 1,200 metric tons per month. This quota does not apply to shipments in containers of 5 kilograms (11.2 U.S. pounds) or less.

This action was taken to prevent large shipments of olive oil to Italy, which provisionally suspended import duties on olive oil, and thus retain sufficient supplies for domestic consumption and traditional export markets.

Tunisia, the world's second largest olive oil exporter, had exported 16,453 tons of olive oil through March 17 of the current marketing year (which began Nov. 1, 1962). Of this, 4,960 tons were shipped in the period February 17 through March 17.

Exports of olive oil from Tunisia during the whole marketing year 1962 are expected to drop sharply, possibly reaching only 25,000 to 30,000 tons compared with the 56,259 tons exported in 1961. Exports were 42,800 tons in 1960 and 23,049 tons in 1959. Major markets for Tunisian olive oil together with their percentages of total exports in the marketing years 1959-61 were: France 43, Italy 25, USSR 6, Cuba 5, and Yugoslavia and the United States 4 each.

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